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SUPPLEMENT TO  
REPORT NO.

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THIS IS UNEVALUATED INFORMATION

NORTHEAST STRESSES INDUSTRIALIZATION;  
PRIVATE ENTERPRISES ACTIVE, PAY DIVIDENDS

These accomplishments were attributed to promotion of the "establish new records" campaign, and the new responsibility systems. Heretofore, machines were frequently stopped for repairs, but with the placing of definite responsibility upon certain individuals, regular weekly inspections and checking are carried out; consequently, during March and April no stoppages occurred. Other progressive plans in use are production progress charts, improved shift liaison, cell production conferences, and registration of surpluses. All of these are given credit for a share in stepping-up production.

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PRODUCES TANNIC ACID -- Tsingtao Jih-pao, 25 May 50

The Kuang-ta Chemical Works of Tsingtao should soon be able to supply the ten-odd tons of tannic acid required monthly by the industries of Tsingtao. It is now producing from domestic galls, of which central China has abundant resources, from 15 to 20 tons a month of a product which is slightly inferior to the US article, but can be produced profitably at a saving of 4,000 to 5,000 yuan a pound. The local Trade Control Bureau, considering the present domestic supply sufficient, has ordered an embargo on imports of tannic acid into Tsingtao.

SHANGHAI PRIVATE FIRMS TAKE ORDERS -- New York Hua-ch'iao Jih-pao, 3 Jun 50

Shanghai, 23 May (Hsin-hua) -- A number of privately operated rolled steel and electrical machinery plants in Shanghai, which have received orders from the Ministry of Industry of the East China Military and Administrative Committee, have already reached normal production levels and begun to improve their equipment and their management methods, as well as to raise the quality and quantity of their product and reduce production costs.

The ministry has fixed the same prices on these orders as on contracts to publicly operated enterprises. These private firms at first felt that the prices were too low to allow for adequate production costs, but they sent an investigating party to the Shanghai Iron and Steel Corporation to learn from their experiences and were thus able to improve their own techniques and equipment.

PRIVATE FIRMS PAY DIVIDENDS -- Tientsin Jih-pao, 27 May 50

The Heng-yuan, Pei-yang, and Hua-hsin private textile factories in Tientsin paid 5-percent 1949 dividends during April 1950. The Ch'i-hsin cement works and the Yao-hua glass factory also paid dividends. The above textile firms had not paid dividends for from 1½ to 3 years.

The proprietor of the Heng-yuan Company said that since the liberation the company has earned a profit of approximately 60 billion yuan. The dividend amounted to 2 percent of the profits. The other two textile companies mentioned had a profit comparable to that of Heng-yuan. The total amount of dividends paid by Heng-yuan was 1,200,000,000 yuan, by Pei-yang one billion, and by Hua-hsin, which has 800 million shares outstanding [sic], 400,000 commodity units, [in] early April a commodity unit was quoted at 5,792 yuan.

The dividend rate was 5 percent of the value of the shares.

During the period since the liberation of Tientsin, employer-employee relations have been improving, wages and welfare benefits have been increased and individual worker production has risen.

The Heng-yuan and Hua-hsin companies are planning to expand. The Heng-yuan company is planning a new spinning mill in Sian. The Hua-hsin company is enlarging its No 2 factory. Construction is expected to be completed in September. They will then have 500 cloth looms in operation. New purchases of spindles are also planned by this company.

TIENTSIN PRIVATE COMPANIES MERGE -- Tientsin Jih-pao, 27 May 50

Of the 450 metal and machinery manufacturers in Tientsin, 345 have formed a joint enterprise to be known as the United Machinery Industry Manufacturing Works. The enterprise is under the guidance of the Machinery Manufacturers Association and has the prospect of a 2,500-ton machinery order from the Ministry of Heavy Industry of the Central People's government. An Executive Committee has been

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elected by the managers of the various member companies in a conference called by the Association of Machinery Manufacturers. Chia T'ing-chen (1) [numbers refer to appended characters] was elected manager, and Li Yu-te (2) and Chu Wen-chih (3) deputy managers.

The new combine will carry on joint purchasing and marketing operations. Firms which have not yet joined are considering doing so.

The Ministry of Heavy Industry has encouraged the merger by placing an order with the combine for 2,500 tons of farm machinery and equipment, which will run the plants at capacity for 3 or 4 months.

LOCAL PRODUCTS CORPORATION BUYS AGRICULTURAL GOODS -- Wu-hsi Su-nan Jih-pao, 27 May 50

In a 20-day campaign ending 5 May 1950, the newly organized South Kiansu branch of the Local Products Corporation made large purchases of local produce and in the same operation, in cooperation with local officials and local cooperatives, carried on propaganda to acquaint the farmers with the nature and purposes of the organization.

Large numbers of farmers were helped over a period of financial difficulty and the people's currency was more widely distributed in the rural areas.

The company has numerous contracts with urban and export distributors to supply them with a great variety of rural products. The amount of money involved in this one purchasing campaign was 1,600,000,000 yuan, which was a great boon to the local economy in rural areas.

One weakness evident in the program was the inability of the cadres to hold the prices steady as they had been set and in many cases they bought large quantities of goods at market-disturbing prices. In some cases, the cadres said they would buy only from the poor farmers and so could not get enough for their contracts. In other cases they unwisely bought more than the market would absorb.

HEILUNGKIANG LOCAL PRODUCTS CORPORATION MISHANDLES JOB -- Mukden Tung-pei Tih-pao 27 May 50

The Heilungkiang Branch of the Local Products Corporation, by bureaucratic and unsystematic conduct, has foolishly dispersed its capital, bought blindly, and stored excessively, all resulting in an enormous waste of funds and bringing about the present serious situation.

In March 1950, this company had a purchasing fund of 81,800,000,000 North-east yuan. Its April quota was 149,500,000,000 yuan. Because the Northeast branch of the China Local Products Corporation was short on investigation and understanding of Heilungkiang conditions and was without a careful plan, it made a further appropriation to the Heilungkiang branch of 130 billion yuan in cash, an overappropriation of 62,300,000,000 yuan. The Heilungkiang Company did not control its hsien branch companies according to actual conditions, but simply passed out the funds in the same ill-planned manner so that it appropriated an excess of 32,900,000,000 yuan over its quota for the month of April.

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Because of a lack of planning, the hsien units went ahead on the basis of buying up all the products of the people's supplementary industries in their own area with no thought of other areas and without organization or plan, or any thought of guiding producers or finding markets. Whatever the masses produced they bought. Thus, 24 hsiens bought more than their quotas. In many areas, the surplus purchases were of perishable goods like meat and eggs. Much of these goods spoiled and many live animals died. Throughout the province the surplus purchases amounted to 73,700,000,000 yuan.

While 23 hsiens had funds surpluses, 11 hsiens had insufficient funds to purchase their allotted quotas.

The corporation has also been guilty of using funds designed for goods purchases for construction and operating purposes to a total of 27 billion yuan.

Investigations by the Northeast Ministry of Trade are being undertaken.

## CHARACTERS

1. 賈庭珍
2. 李浴德
3. 朱文治

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